CHAPTER 162

FILM, TELEVISION, AND VIDEO PROJECT PROMOTION PROGRAM

H.F. 892

AN ACT creating a film, television, and video project promotion program, providing tax credits and income exclusions, and including effective and retroactive applicability dates.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. NEW SECTION. 15.391 SHORT TITLE.
This part shall be known as the "Film, Television, and Video Project Promotion Program".

Sec. 2. NEW SECTION. 15.392 PURPOSE.
The purpose of the film, television, and video project promotion program is to assist legitimate film, television, and video producers in the production of film, television, and video projects in the state and to increase the fiscal impact on the state's economy of film, television, and video projects produced in the state. The program includes assistance in the production of advertising projects in a film, television, or video medium.

Sec. 3. NEW SECTION. 15.393 FILM, TELEVISION, AND VIDEO PROJECT PROMOTION PROGRAM — TAX CREDITS AND EXCLUSION.

1. The department shall establish and administer a film, television, and video project promotion program that provides for the registration of projects to be shot on location in the state. A project that is registered under the program is entitled to the assistance provided in subsection 2. A fee shall not be charged for registering. The department shall not register a project unless the department determines that all of the following are met:

a. The project is a legitimate effort to produce an entire film, television, or video episode or a film, television, or video segment in the state.

b. The project will include expenditures of at least one hundred thousand dollars in the state and have an economic impact on the economy of the state or locality sufficient to justify assistance under the program.

c. The project will further tourism, economic development, and population retention or growth in the state or locality.

d. Other criteria established by rule relating to the economic impact and promotional aspects of the project on the state or locality.

2. A project registered with the department under the program is eligible for the following assistance:

a. (1) For tax years beginning on or after January 1, 2007, a qualified expenditure tax credit shall be allowed against the taxes imposed in chapter 422, divisions II, III, and V, and in chapter 432, and against the moneys and credits tax imposed in section 533.24, for a portion of a taxpayer's qualified expenditures in a project registered under the program. The tax credit shall equal twenty-five percent of the qualified expenditures on a project. An individual may claim a tax credit under this paragraph "a" of a partnership, limited liability company, S corporation, estate, or trust electing to have income taxed directly to the individual. The amount claimed by the individual shall be based upon the pro rata share of the individual's earnings from the partnership, limited liability company, S corporation, estate, or trust. Any tax credit in excess of the taxpayer's liability for the tax year may be credited to the tax liability for the following five years or until depleted, whichever is earlier. A tax credit shall not be carried back to a tax year prior to the tax year in which the taxpayer claims the tax credit.

(2) A qualified expenditure by a taxpayer is a payment to an Iowa resident or an Iowa-based business for the sale, rental, or furnishing of tangible personal property or for services directly related to the registered project including but not limited to aircraft, vehicles, equipment, materials, supplies, accounting, animals and animal care, artistic and design services, graphics,[1] construction, data and information services, delivery and pickup services, graphics, labor and

[1] The term "graphics" is listed twice in this sentence in the enrolled Act

personnel, lighting, makeup and hairdressing, film, music, photography, sound, video and related services, printing, research, site fees and rental, travel related to Iowa distant locations, trash removal and cleanup, and wardrobe. For the purposes of this subparagraph, "labor and personnel" does not include the director, producers, or cast members other than extras and stand-ins. The department of revenue, in consultation with the department of economic development, shall by rule establish a list of eligible expenditures.

(3) After verifying the eligibility for a tax credit under this paragraph "a", the department of economic development shall issue a film, television, and video project promotion program tax credit certificate to be attached to the person's tax return. The tax credit certificate shall contain the taxpayer's name, address, tax identification number, the date of project completion, the amount of credit, other information required by the department of revenue, and a place for the name and tax identification number of a transferee and the amount of the tax credit being transferred. Tax credit certificates issued under this paragraph "a" may be transferred to any person or entity. Within ninety days of transfer, the transferee shall submit the transferred tax credit certificate to the department of revenue along with a statement containing the transferee's name, tax identification number, and address, and the denomination that each replacement tax credit certificate is to carry and any other information required by the department of revenue. Within thirty days of receiving the transferred tax credit certificate and the transferee's statement, the department of revenue shall issue one or more replacement tax credit certificates to the transferee. Each replacement tax credit certificate must contain the information required for the original tax credit certificate and must have the same expiration date that appeared in the transferred tax credit certificate. Tax credit certificate amounts of less than the minimum amount established by rule of the department of economic development shall not be transferable. A tax credit shall not be claimed by a transferee under this paragraph "a" until a replacement tax credit certificate identifying the transferee as the proper holder has been issued. The transferee may use the amount of the tax credit transferred against the taxes imposed in chapter 422, divisions II, III, and V, and in chapter 432, and against the moneys and credits tax imposed in section 533.24, for any tax year the original transferor could have claimed the tax credit. Any consideration received for the transfer of the tax credit shall not be included as income under chapter 422, divisions II, III, and V, under chapter 432, or against the moneys and credits tax imposed in section 533.24. Any consideration paid for the transfer of the tax credit shall not be deducted from income under chapter 422, divisions II, III, and V, under chapter 432, or against the moneys and credits tax imposed in section 533.24.

(4) A taxpayer claiming a tax credit under this paragraph "a", a business in which such taxpayer has an equity interest, and a business in which such taxpayer participates in its management is not eligible to receive the adjusted gross income reduction under paragraph "c".

b. (1) For tax years beginning on or after January 1, 2007, an investment tax credit shall be allowed against the taxes imposed in chapter 422, divisions II, III, and V, and in chapter 432, and against the moneys and credits tax imposed in section 533.24, for a portion of a taxpayer's investment in a project registered under the program. The tax credit shall equal twenty-five percent of the investment in the project. An individual may claim a tax credit under this paragraph of a partnership, limited liability company, S corporation, estate, or trust electing to have income taxed directly to the individual. The amount claimed by the individual shall be based upon the pro rata share of the individual's earnings from the partnership, limited liability company, S corporation, estate, or trust. Any tax credit in excess of the taxpayer's liability for the tax year may be credited to the tax liability for the following five years or until depleted, whichever is earlier. A tax credit shall not be carried back to a tax year prior to the tax year in which the taxpayer claims the tax credit. A taxpayer shall not claim a tax credit under this paragraph "b" for qualified expenditures for which a tax credit is claimed under paragraph "a".

(2) After verifying the eligibility for a tax credit under this paragraph "b", the department of economic development shall issue a film, television, and video project promotion program tax credit certificate to be attached to the person's tax return. The tax credit certificate shall contain the taxpayer's name, address, tax identification number, the date of project comple-

tion, the amount of credit, other information required by the department of revenue, and a place for the name and tax identification number of a transferee and the amount of the tax credit being transferred. Tax credit certificates issued under this paragraph "b" may be transferred to any person or entity. Within ninety days of transfer, the transferee shall submit the transferred tax credit certificate to the department of revenue along with a statement containing the transferee's name, tax identification number, and address, and the denomination that each replacement tax credit certificate is to carry and any other information required by the department of revenue. Within thirty days of receiving the transferred tax credit certificate and the transferee's statement, the department of revenue shall issue one or more replacement tax credit certificates to the transferee. Each replacement tax credit certificate must contain the information required for the original tax credit certificate and must have the same expiration date that appeared in the transferred tax credit certificate. Tax credit certificate amounts of less than the minimum amount established by rule of the department of economic development shall not be transferable. A tax credit shall not be claimed by a transferee under this paragraph "b" until a replacement tax credit certificate identifying the transferee as the proper holder has been issued. The transferee may use the amount of the tax credit transferred against the taxes imposed in chapter 422, divisions II, III, and V, and in chapter 432, and against the moneys and credits tax imposed in section 533.24, for any tax year the original transferor could have claimed the tax credit. Any consideration received for the transfer of the tax credit shall not be included as income under chapter 422, divisions II, III, and V, under chapter 432, or against the moneys and credits tax imposed in section 533.24. Any consideration paid for the transfer of the tax credit shall not be deducted from income under chapter 422, divisions II, III, and V, under chapter 432, or against the moneys and credits tax imposed in section 533.24.

c. For tax years beginning on or after January 1, 2007, a reduction in adjusted gross income for purposes of taxes imposed in chapter 422, divisions II and III, for payments received from the sale, rental, or furnishing of tangible personal property or services directly related to the production of a project registered under this section which meets the criteria of a qualified expenditure under paragraph "a", subparagraph (2).

3. The department shall promote the program and the assistance available under the program on an internet website.

4. A project that depicts or describes any obscene material, as defined in section 728.1, shall not be eligible to receive assistance under this section.

Sec. 4. Section 422.7, Code 2007, is amended by adding the following new subsection:

NEW SUBSECTION. 50. Subtract, to the extent included, an amount equal to any income received from the sale, rental, or furnishing of tangible personal property or services directly related to the production of a project registered under section 15.393 which meets the criteria of a qualified expenditure under section 15.393, subsection 2, paragraph "a", subparagraph (2).

Sec. 5. NEW SECTION. 422.11T FILM QUALIFIED EXPENDITURE TAX CREDIT.

The taxes imposed under this division, less the credits allowed under sections 422.12 and 422.12B, shall be reduced by a qualified expenditure tax credit authorized pursuant to section 15.393, subsection 2, paragraph "a".

Sec. 6. NEW SECTION. 422.11U FILM INVESTMENT TAX CREDIT.

The taxes imposed under this division, less the credits allowed under sections 422.12 and 422.12B, shall be reduced by an investment tax credit authorized pursuant to section 15.393, subsection 2, paragraph "b".

Sec. 7. Section 422.33, Code 2007, is amended by adding the following new subsections:

NEW SUBSECTION. 24. The taxes imposed under this division shall be reduced by a qualified expenditure tax credit authorized pursuant to section 15.393, subsection 2, paragraph "a".

NEW SUBSECTION. 25. The taxes imposed under this division shall be reduced by an investment tax credit authorized pursuant to section 15.393, subsection 2, paragraph "b".

Sec. 8. Section 422.35, Code 2007, is amended by adding the following new subsection:
NEW SUBSECTION. 23. Subtract, to the extent included, an amount equal to any income received from the sale, rental, or furnishing of tangible personal property or services directly related to the production of a project registered under section 15.393 which meets the criteria of a qualified expenditure under section 15.393, subsection 2, paragraph "a", subparagraph (2).

Sec. 9. Section 422.60, Code 2007, is amended by adding the following new subsections:
NEW SUBSECTION. 13. The taxes imposed under this division shall be reduced by a qualified expenditure tax credit authorized pursuant to section 15.393, subsection 2, paragraph "a".
NEW SUBSECTION. 14. The taxes imposed under this division shall be reduced by an investment tax credit authorized pursuant to section 15.393, subsection 2, paragraph "b".

Sec. 10. NEW SECTION. 432.12J FILM QUALIFIED EXPENDITURE TAX CREDIT.
The tax imposed under this chapter shall be reduced by a qualified expenditure tax credit authorized pursuant to section 15.393, subsection 2, paragraph "a".

Sec. 11. NEW SECTION. 432.12K FILM INVESTMENT TAX CREDIT.
The tax imposed under this chapter shall be reduced by an investment tax credit authorized pursuant to section 15.393, subsection 2, paragraph "b".

Sec. 12. Section 533.24, Code 2007, is amended by adding the following new subsections:
NEW SUBSECTION. 11. The moneys and credits tax imposed under this section shall be reduced by a qualified expenditure tax credit authorized pursuant to section 15.393, subsection 2, paragraph "a".
NEW SUBSECTION. 12. The moneys and credits tax imposed under this section shall be reduced by an investment tax credit authorized pursuant to section 15.393, subsection 2, paragraph "b".

Sec. 13. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES. This Act, being deemed of immediate importance, takes effect upon enactment and is retroactively applicable to January 1, 2007, for tax years beginning on and after that date.

Approved May 17, 2007

CHAPTER 163

DISSOLUTION OF MARRIAGE — PROPERTY DIVISION
— INHERITED OR GIFTED PROPERTY

S.F. 340

AN ACT relating to the consideration of inherited or gifted property in dissolution-of-marriage property division proceedings and including an effective date and an applicability provision.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 598.21, subsection 5, unnumbered paragraph 1, Code 2007, is amended to read as follows:

The court shall divide all property, except inherited property or gifts received or expected by one party, equitably between the parties after considering all of the following:

Sec. 2. Section 598.21, subsection 5, paragraph i, Code 2007, is amended to read as follows:

i. Other economic circumstances of each party, including pension benefits, vested or unvested~~, and future interests~~. Future interests may be considered, but expectancies or interests arising from inherited or gifted property created under a will or other instrument under which the trustee, trustor, trust protector, or owner has the power to remove the party in question as a beneficiary, shall not be considered.

Sec. 3. EFFECTIVE DATE — APPLICABILITY. This Act, being deemed of immediate importance, takes effect upon enactment and applies to all dissolutions granted on or after the effective date of this Act.

Approved May 21, 2007

CHAPTER 164

RAILWAY SAFETY — CLOSE-CLEARANCE WARNING DEVICES

S.F. 472

AN ACT requiring the posting of close-clearance warning devices along railroad tracks and providing a penalty.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. NEW SECTION. 327F.13 CLOSE-CLEARANCE WARNING DEVICES.

1. The owner of a railroad track shall place a warning device at a location where the close clearance between the track and a building, machinery, trees, brush, or other object is such that the building, machinery, trees, brush, or other object physically impedes a person who is lawfully riding the side of a train in the course of the person's duties in service to a railroad company from clearing the building, machinery, trees, brush, or other object.

2. The warning device shall be placed in a location which provides adequate notice to a person riding the side of a train so that the person may prepare for the close clearance. Any signs posted shall not be a danger to other persons working on the property.